

## Message Text

LIMITED OFFICIAL USE POSS DUPE

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 GSA-02 INT-08 SPC-03 SAM-01

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 L-03 AF-10 DRC-01 /153 W

3 ----- 063037

P R 150700Z FEB 74

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC PRIORITY 2008

INFO AMEMBASSY CANBERRA

LIMITED OFFICIAL USE SECTION 1 OF 2 MELBOURNE 0169

E.O. 11652: N/A

TAGSC EMIN, ETRD, AS

SUBJECT: INTERGOVERNMENTAL BAUXITE ASSOCIATION (IGBA)

REF: MELBOURNE 0151

1. SOURCE OF FOLLOWING INFORMATION REQUESTS FULL PROTECTION AS TO ITS ORIGINS INCLUDING PERSON, COMPANY AND PLACE OF ORIGINATING INFORMATION.

2. OVERSEAS MINISTER CAIRNS, SECRETARY MCKAY AND NINE OTHER GOVERNMENT OFFICIALS MET WITH REFTEL REPRESENTATIVES PLUS CONZINC RIO TINTO AUSTRALIA, ADJOURNING AT 2:30 THIS AFTERNOON. CAIRNS UNDERScoreD CONFIDENTIALITY OF DRAFT AGREEMENT BY KEEPING DRAFT COPIES IN LAPS OF GOA USERS, UNDER EDGE OF CONFERENCE TABLE. CAIRNS HELD FORTH IN FRANK MANNER AND REPORTED AIR OF SWEET REASONABLENESS. STATED PURPOSE OF MEETING OF BAUXITE PRODUCERS IN CONAKRY MARCH 5 IS TO FORM IGBA, FOR (A) ORDERLY DEVELOPMENT OF BAUXITE PRODUCTION AND (B) TO ASSIST ECONOMIC PROGRESS OF DEVELOPING COUNTRIES.

3. CAIRNS HELD FORTH ON THE NEED FOR CONAKRY MEETING AND  
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IGBA BECUASE OF THE GROWING DISSATISFACTION OF THE  
DEVELOPING COUNTRIES WITHBOTH THEIR RATES OF DEVELOPMENT

AND THE CONTRAST OF THEIR RATE OF DEVELOPMENT TO DEVELOPED COUNTRIES. CAIRNS STATED CONAKRY MEETING BASED ON DEVELOPING COUNTRIES' NEED FOR HELP FROM DEVELOPED COUNTRIES AND BELIEF THAT THEY CAN GET PARTICULAR ASSISTANCE FROM AUSTRALIA AS A LINK TO THE DEVELOPED COUNTRIES.

4. IGBA ORGANIZATION IN DRAFT AGREEMENT WILL PROVIDE FOR THREE SUB-GROUPS IN WHICH ALL PRODUCING COUNTRIES WILL BE REPRESENTED EQUALLY: (A) A COUNCIL OF MINISTERS (AS AN "ADVISORY" GROUP) WHICH WILL MEET POSSIBLY ONCE A YEAR. WHILE MINISTER CAIRNS' WIFE'S RECENT ILLNESS WOULD NOT NOW PREVENT HIS ATTENDING THE CONAKRY MEETING, THE DECISION TO HAVE MINISTER WILLESEE REPRESENT AUSTRALIA STILL HOLDS. MINISTER CAIRNS WILL REPRESENT THE GOA IN FUTURE ON THE IGBA COUNCIL OF MINISTERS. (B) AN EXECUTIVE BOARD, WITH A CHAIRMAN TO BE ELECTED BY THE BOARD, TO RUN IGBA. THE EXECUTIVE BOARD WILL MEET AT LEAST THREE TIMES A YEAR. (C) A SECRETARIAT COMPOSED OF TWO FULL TIME MEMBERS FROM EACH COUNTRY. HEAD-QUARTERS OF THIS SECRETARIAT NOT YET CHOSED BUT EXPECTED TO BE DESIGNATED AT CONAKRY MEETING.

5. THE OBJECTIVES OF IGBA AS PIECED TOGETHER FROM STATEMENTS MADE AT TODAY'S MEETING WITH MINISTER CAIRNS ARE FAIRLY GENERAL: (A) TO HELP THE DEVELOPING COUNTRIES IN THEIR ECONOMIC AND SOCIAL EVOLUTION, (B) TO EVOLVE "BETTER" MEANS OF IMPROVING GENERAL ECONOMIC PERFORMANCE IN DEVELOPING COUNTRIES WHICH PRODUCE BAUXITE, AND (C) TO BETTER DEVELOP, RATIONALIZE AND IMPROVE THE EXPLOITATION OF BAUXITE AND ALUMINUM RESOURCES. SUBORDINATE OBJECTIVES INCLUDE: THE UP-GRADING OF THE ROLE OF LDC NATIONALS IN THE INDUSTRY; INCREASED PROCESSING IN THE BAUXITE PRODUCING COUNTRIES; AND THE INVOLVEMENT OF MULTINATIONAL ALUMINUM FIRMS AS WELL AS THE GOVERNMENTS OF PRODUCING COUNTRIES IN THE ABOVE-MENTIONED OBJECTIVES.

6. CAIRNS SAID DRAFT AGREEMENT CALLS FOR A PLEDGE OF ALL PARTICIPATING MEMBERS (ONE COUNTRY ONE VOTE) TO SUPPORT "ANY ACTION NECESSARY" WHEN ACTION APPROVED BY A MAJORITY OF MEMBERS. ANY AMENDMENT OF OBJECTIVES CAN BE LIMITED OFFICIAL USE  
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EFFECTED ONLY BY UNANIMOUS VOTE.

7. GOA SUPPORTS GENERAL OBJECTIVES OF DRAFT AGREEMENT AND PROPOSES TWO MAIN AMENDMENTS: (A) THAT THE PLEDGE OF MEMBERS' COOPERATION SHALL BE LIMITED TO THOSE ACTIONS ON WHICH VOTE IS UNANIMOUS, AND (B) THAT IGBA OBJECTIVE OF PROTECTING THE CONSUMING COUNTRIES BE INSERTED. GOA UNSURE AS TO HOW THIS CONSUMER PROTECTION WOULD BE EFFECTED OTHER THAN BY SOME PROVISION FOR CONSULTATION, MAYBE THROUGH GATT OR POSSIBLY BY ESTABLISHMENT OF BAUXITE-ALUMINUM ORGANIZATION DRAWING

ON THE TECHNIQUES OF THE INTERNATIONAL SUGAR AGREEMENT.

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XMB-07 OPIC-12 LAB-06 SIL-01 L-03 AF-10 DRC-01 /153 W  
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P R 150700Z FEB 74

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8 GOA ALSO PLANS TO ADVANCE IDEAS WHICH WOULD EXTEND THE BAUXITE PRODUCERS GROUP TO COVER "BAUXITE AND DERIVATEIVES", WITH THE LATTER FEFINED AS NAY ALUMINUM PROUCT OR PROCESSING; TO STRESS THE NEED FOR "GOOD SUPPLY AT GOOD PRICES" FOR BOTH THEPRODUCERS AND CONSUMERS; THE EXCHANGE OF INFORMATION ANDKNOW HOW AMONG THEPRODUCING-MANUFACTURING COUNTRIES; PROMOTION OF RESEARCH ON THE USE OF BAUXITE AND THE TECHNOLOGY OF PROCESSING AND MANUFACTURING; AND THE POSSIBLE USE OF "GROUP PURCHASING" TECHNICUES (IT IS NOT CLEAR WHETHER THIS WOULD REFER TO RAW MATERIALS, BUFFER STOCKS OR TO EQUIPMENT USED IN MINING AND REFINING).

9.BUSINESS REPRESENTATIVES PRESENT STRESSED PROBLEM OF GOA SUPPORT, WHILE ACCEPTING THE GOA'S INTEREST IN GENERALIZED SUPPORT OF DEVELOPING COUNTRIES. BUSINESS REPS SAW PROBLEMS IN IMPLIED GOA SUPPORT OF EMBARGOES, COOPERATION IN PRICE SUPPORTS OR "HOLDING THE WORLD TO RANSOM". GOA REPRESENTATIVES STRESSED THEIR GENUINE DESIRE TO "HELP BOTH PRODUCERS AND CONSUMERS", BUT ACKNOWLEDGED THAT GREAT PROBLEM WOULD BE IN KEEPING THE CONFIDENCEOF THECUSTOMERS OF AUSTRALIAN BAUXITE "AND DERIVATIVES"IF IT LESSENED THE JAPANESE AND

OTHER AUSTRALIAN CUSTOMERS CONFIDENCE IN THE PRESENT STABILITY OF  
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AUSTRALIAN SUPPLY, THE STABILITY OF GOVERNMENT AND  
AUSTRALIAN FIRMS' ABILITY TO HONOR CONTRACTS. GOA REPS  
IMPLIED (BUT DID NOT PROMISE) THAT THEY WOULD TRY NOT TO  
GET CAUGHT IN AN AGREEMENT THAT WOULD FRIGHTEN  
AUSTRALIA'S CUSTOMERS.

10 OUR SOURCE INDICATES COUNTRIES NOW INVITED CONAKRY  
MEETING ARE AUSTRALIA, GUINEA, GUYANA, JAMAICA, SURINAM  
AND YUGOSLAVIA. GOA DID NOT RESPOND WHEN QUESTION WAS  
RAISED WHY HUNGARY, ALBANIA AND RUSSIA NOT INVITED.  
GOA REP SEEMED INTERESTED IN CRA REPS SUGGESTION THAT  
BRAZIL AND INDONESIA BE INVITED.

11. UPSHOT OF MEETING WAS THAT CAIRNS WAS SYMPATHETIC TO  
THE PROBLEMS AND DIFFICULTIES ENVISIONED BY BUSINESS REPS  
BUT SAID THAT HE MUST HAVE "FAIR AND REASONABLE" WRITTEN  
RECOMMENDATIONS FROM AUSTRALIAN PRIVATE INDUSTRY BY NEXT  
FRIDAY WHEN THE DELEGATION EXPECTS TO DEPART.

12. COMMENT: OUR EVALUATION OF THIS REPORT OF TODAY'S  
MEETING INDICATES THAT GOA IS PLEASED WITH BEING INVITED  
TO THE CONAKRY MEETING AND WITH THE RESPECTIVE ROLE OF  
LINKING THE DEVELOPING BAUXITE PRODUCING COUNTRIES WITH THE  
DEVELOPED COUNTRIES OF THE WORLD. WE WOULD ALSO CONCLUDE  
THAT DRAFT AGREEMENT AS NOW WRITTEN HAS CLEAR INTENT OF  
BRINGING PRODUCERS TOGETHER TO STRENGTHEN THEIR BARGAINING  
POSITION AGAINST CONSUMER COUNTRIES, BUT THAT THE TECHNIQUES  
ARE AS YET ILL OR UNDEFINED. OUR BUSINESS INFORMANT CONCLUDES  
THAT IGBA PROBABLY AIMS AT "HOLDING THE WORLD TO RANSOM".  
HE AGREED, HOWEVER, THAT IF MULTINATIONAL AND OTHER FIRMS  
HOLD A COMMON LINE WITH THEIR RESPECTIVE GOVERNMENTS THAT  
THE PROSPECTIVE DIFFICULTIES FOR CONSUMING COUNTRIES MAY BE  
LESSENED SOMEWHAT. AT THIS WRITING HE INDICATED THAT HIS FIRM  
DID NOT PLAN TO SUBMIT THE REQUESTED FAIR AND REASONABLE  
WRITTEN RECOMMENDATIONS TO THE GOA BY NEXT FRIDAY. HE  
PROMISED TO LET US KNOW IF OTHER FIRMS REPRESENTED AT THE  
MEETING SENT RECOMMENDATIONS TO THE GOA. OVERSEAS TRADE  
SECRETARY MCKAY PROMISED TO HOLD ANOTHER MEETING WITH THESE  
REPRESENTATIVES IMMEDIATELY UPON THE DELEGATION'S RETURN FROM  
CONAKRY.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 15 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**TAGS:** EMIN, ETRD, AS  
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